

THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

JANUARY 1, 1943

VICTORY FUND DRIVE A SUCCESS

The Treasury Victory loan campaign during December was an overwhelming success throughout the country. Whereas the goal was set at \$9 billion on November 30, the actual amount raised through December 26 totaled almost \$12 billion. About 40 per cent of these funds came from commercial banks and 60 per cent from others, including insurance companies and mutual savings banks.

Subscriptions in this district exceeded \$500 million, and it is expected that the final total will surpass \$550 million. Incomplete figures show the following results, exclusive of Treasury bills and Series E Savings bonds.

November 30 through December 29	Number	Amount
2½% Victory bonds	6,662	\$132,164,000
1¾% Treasury bonds (bank)	735	117,598,500
1¾% Treasury bonds (nonbank)	791	17,420,500
7½% Certificates (bank)	586	128,239,000
7½% Certificates (nonbank)	280	48,691,000
Tax Savings Notes	3,229	49,973,400
Savings Bonds (F and G)	7,225	10,458,000
TOTAL	19,508	\$504,544,400

Purchases in this district of all types of Treasury issues during 1942 approximated \$2,650 million as contrasted with about \$744 million in 1941. For the country as a whole, total subscriptions to marketable issues other than Treasury bills exceeded \$47 billion as compared with \$39 billion in the previous year.

War expenditures have been running at the rate of about \$6 billion a month and must reach the gigantic sum of \$7 billion if the budget estimate for the fiscal year is to be reached. The amount, of course, will depend upon the needs

of our armed forces and also upon prices for war equipment. War requirements for the calendar year 1943 may exceed substantially the \$74 billion estimated for the present fiscal year.

The crucial problem is how to divert the growing excess of spendable consumer income into Government securities instead of using this income for the purchase of the shrinking supplies of goods and services. Such diversion is essential to assist in checking inflationary tendencies and in building up reserves of buying power for the post-war readjustment. This is also true with respect to the accumulation of reserves by business concerns.

Largely to that end, the Treasury is pushing continuously the sale of War Savings Bonds and Tax Savings Notes. Purchases of War Savings Bonds, Series E, in this district exceeded \$275 million during 1942. The largest proportion of these bonds was bought by wage and salary workers under the Payroll Savings Plan, and current sales are increasing. Likewise, purchases of Series F and G bonds by larger individual and institutional investors totaled about \$240 million, a substantial gain over the previous year. Sales of Tax Savings Notes, chiefly to business concerns, reached a record amount of about \$450 million. Series A Tax Savings Notes enable individuals to accumulate funds to meet their rising tax obligations. Series C notes provide an excellent medium for larger taxpayers to meet their taxes and also to invest short-term idle balances at a good return in a security not subject to market fluctuations.

MANPOWER

Only a few years ago it seemed inconceivable that this country with its 130 million people would ever face a shortage of manpower. Yet the current crisis has produced an acute shortage.

According to the Manpower Commission the number in civilian jobs and in the armed forces increased from 48 million to 57 million in the two years ended last June. By the end of next year it is expected to reach 65 million, including over 9 million in the armed forces. Induction of this tremendous number into the services and concentration of many more in war industries cut deeply into the number of workers available for the manufacture of goods for civilian use. Unemployment has declined sharply and the principal avenues left to fill requirements are increased employment of individuals above or below usual working ages, attraction of women who heretofore were outside the labor force, and increasing hours of work.

The great expansion in total production and conversion from peace to war activities have had uneven impacts upon employment conditions in this district, which is highly diversified. Although all sections have shown some increase in employment since the outbreak of the war, the rates of increase have not been uniform. The Scranton area, at one extreme, has had an increase of only 3 per cent in the number of factory workers since August 1939. The number in the Wilmington area, at the other extreme, increased 115 per cent.

These differences are reflected in recent estimates of civilian population in metropolitan

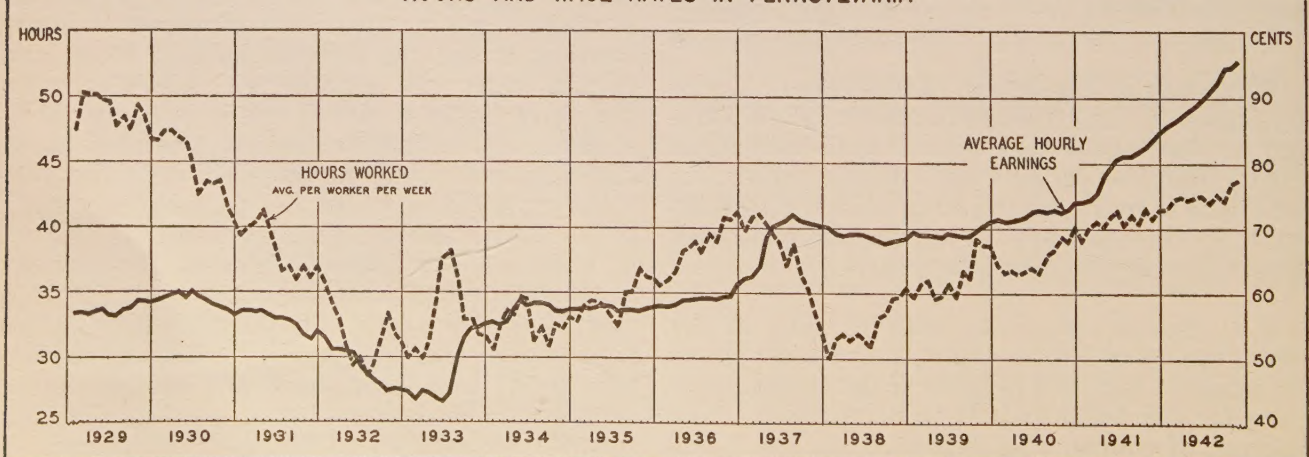
Metropolitan district and counties	Estimated civilian population, May 1, 1942	Estimated civilian population, April 1, 1940	Estimated change in the civilian population between April 1, 1940 and May 1, 1942	
			Number	Per cent
Allentown—Bethlehem—Easton (Lehigh and Northampton Cos., Pa.)	355,000	346,000	+ 9,000	+ 2.6
Altoona (Blair Co., Pa.)	133,000	140,000	- 7,000	- 5.0
Atlantic City (Atlantic Co., N. J.)	116,000	124,000	- 8,000	- 6.5
Harrisburg (Dauphin Co., Pa.)	182,000	177,000	+ 5,000	+ 2.8
Johnstown (Cambria Co., Pa.)	238,000	213,000	+25,000	+11.7
Lancaster (Lancaster Co., Pa.)	209,000	213,000	- 4,000	- 1.9
Philadelphia (Delaware, Montgomery, and Philadelphia Cos., Pa.; Burlington, Camden, and Gloucester Cos., N. J.)	3,027,000	2,953,000	+74,000	+ 2.5
Reading (Berks Co., Pa.)	234,000	242,000	- 8,000	- 3.3
Scranton—Wilkes-Barre (Lackawanna and Luzerne Cos., Pa.)	664,000	743,000	-79,000	-10.6
Trenton (Mercer Co., N. J.)	202,000	197,000	+ 5,000	+ 2.5
Wilmington (New Castle Co., Del.)	186,000	178,000	+ 8,000	+ 4.5
York (York Co., Pa.)	180,000	178,000	+ 2,000	+ 1.1

areas prepared by the Bureau of the Census.

These changes reflect adjustments of population to the requirements of war production. People have moved from those areas that have been awarded few Government contracts to those that have received large awards. Some additional movements may be anticipated since, with few exceptions, areas that have experienced the largest outward movement are still listed as having labor surpluses, whereas those that have had the largest influx of people are still listed as having or anticipating labor shortages.

A rough measure of labor mobility among industries is afforded by changes in employment indexes. Outstanding increases have been registered in transportation equipment and most branches of the iron and steel industries. A number of important groups have shown decreases or no considerable increases since the outbreak of the war.

HOURS AND WAGE RATES IN PENNSYLVANIA



Although all branches of industry in this district have increased average weekly hours per employee, no branch has yet reached the average worked in all industries in 1929. At that time, of course, Federal law set no minimum rates of pay for overtime. The rise in working hours since January 1940 has been greatest in the heavy goods lines, which contribute most to the war effort. Yet the highest average of 48 hours per week in the transportation equipment industry is below the 50 hours worked by all industries in 1929. Reports for October showed that at 44 per cent of 2,800 Pennsylvania factories employees were working 40 hours or less per week.

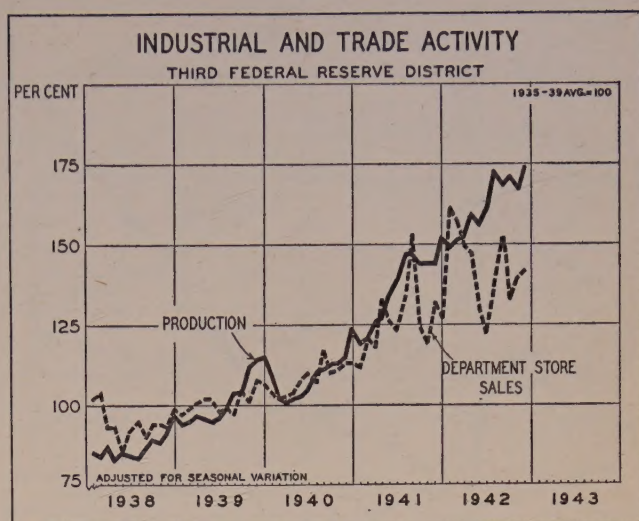
Distribution of number of plants by hours worked per employee	30 or less	30.1-35	35.1-40	40.1-45	45.1-50	50.1-60	Over 60	No. of plants
Iron and steel products.....	2%	3%	15%	25%	29%	24%	2%	647
Non-ferrous metal products.....	5	3	25	25	29	11	2	88
Transportation equipment.....	1	1	9	20	36	33	0	103
Textiles and clothing.....	6	12	53	23	5	1		767
Foods.....	6	6	22	33	22	10	1	286
Stone, clay and glass products...	3	8	37	32	12	7	1	208
Lumber products.....	4	4	31	26	24	11	0	114
Chemicals and chemical products..	1	3	35	42	14	3	1	187
Leather and its products.....	2	8	49	30	9	2	0	80
Paper and printing.....	5	13	36	32	11	3	0	239
Other manufactures.....	3	13	35	28	13	7	1	102
Percentage distribution, total...	4%	7%	33%	28%	17%	10%	1%	100%
Number of plants, total.....	106	211	932	783	478	285	26	2,821

BUSINESS SUMMARY

The record of business in this district during 1942 reflected in many respects the changes wrought by war. Increasing diversion of existing facilities and the erection of new plants for the production of war materials were shown in sharply expanded production of durable goods, which in November was more than twice as large as at the beginning of the defense effort. With increasing requirements for the armed forces and lend-lease operations, the supply of materials and labor for the manufacture of civilian goods has been curtailed and in recent months output has been less than a year ago.

Greatly expanded employment and payrolls have sharply increased purchasing power. In part these funds have been used in the purchase of War Savings Bonds, the reduction of consumer debt, and increased savings in the form of bank balances or cash. Retail sales reached new high points, although gains over 1941 have been narrowing.

Manufacturing. The market for factory products in this district remains active, although new business has slackened somewhat



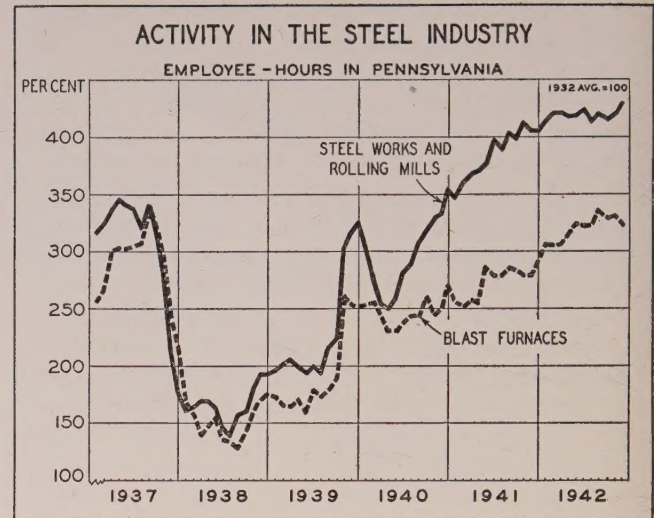
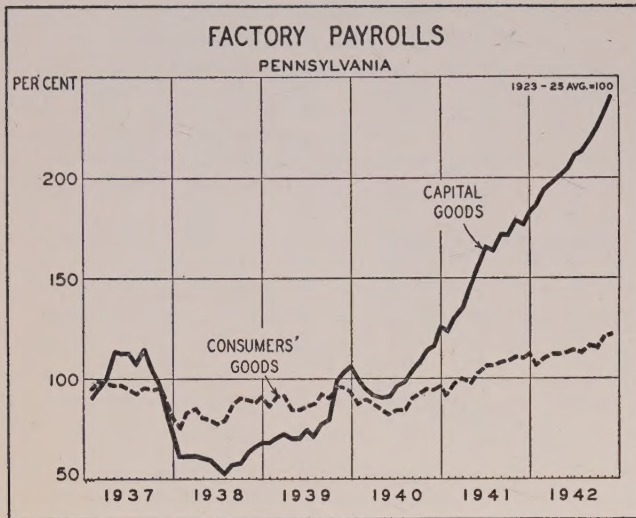
in recent weeks. A temporary decline in orders for certain products of the heavy industries reflects the shift in emphasis to equipment for offense, as dictated by military strategy.

Operations remain at peak levels in most war plants, and capacity is expanding steadily with the completion of new manufacturing facilities and conversion of equipment. Productive activity in the textile and leather industries was fairly well sustained in the month ended about the middle of December, but additional decreases were reported in certain other classes of nondurable goods. Unfilled orders in some lines have declined from the peaks reached during the summer and early fall.

Employment in Pennsylvania factories advanced slightly in November to a new high estimated at about 1,200,000 workers, and wage payments increased 3 per cent further to a record volume of nearly \$45½ million a week. These gains were contrary to seasonal expectations, reflecting chiefly continued expansion in the output of military equipment by the heavy industries.

Weekly income of wage earners in November rose to a new high average of \$41.46 from \$40.70 in October, and less than \$27 at the beginning of the defense program in the summer of 1940. Average hourly earnings increased slightly in the month to 95½ cents. Working time, averaging over 43½ hours a week, exceeded that for any period since June 1930.

The output of manufactured goods in this



district expanded 4 per cent in November to a level 22 per cent above a year ago. The gain in the month reflected increased production of both durable and nondurable goods, which on a seasonally adjusted basis rose 5 and 3 per cent respectively. In the heavy industries, output was 48 per cent greater than in November 1941, but in lighter products a decline of 6 per cent was reported.

Coal and other fuels. The demand for fuels remains active. Purchases of anthracite by dealers increased somewhat further in the month ended the middle of December, and sales to householders continued large. Industrial consumers maintain substantial reserves of bituminous coal in anticipation of shipping difficulties later this season. Expanding capacity at blast furnaces is stimulating the demand for by-product coke.

Output of anthracite exceeded seasonal expectations in November. Production continued above the 1941 level in the first half of December; in the first eleven months more than 55 million tons were mined, as against 52 million in the same period last year.

Production of Pennsylvania bituminous coal declined contraseasonally in November, but remained above the 1941 level. Operations at the mines decreased slightly further in early December, according to preliminary reports. Colliery output averaging about 445,000 tons a day in November was 5 per cent larger than a year ago; for the first eleven months the increase was 13 per cent.

Building. Operations in the building and con-

struction industry in this district continue at a high rate against the heavy volume of contracts awarded in recent months for war facilities and other essential projects. Activity in the private residential field has continued to slacken and is sharply below the 1941 level.

Awards of building contracts, totaling \$64 million in November, were more than double the dollar volume of the preceding month, and the largest since the spring of 1929. The increase from October reflected principally exceptionally heavy awards for public works and utilities. These were the largest in records back through 1920, and accounted for over 50 per cent of the contract total.

The value of contracts awarded in the first eleven months approximated \$366 million, a new high for recent years, and an increase of 21 per cent over 1941. Compared with last year, gains were sharpest in contracts for public works and utilities and factory buildings, which increased 84 and 70 per cent respectively. Awards for residential structures were about one-third smaller this year than last, owing to restrictions on the construction of small houses.

Trade. Value of retail sales in this district rose to new high levels during the first three weeks of December, when Christmas buying apparently exceeded all previous records. In most lines, however, increases over a year ago were less pronounced than earlier in the season. In November, sales by department and apparel stores increased on an adjusted basis and those of shoe stores were well maintained. Increases over November 1941 were substantial except at men's apparel stores, where sales declined.

Inventories declined contraseasonally from October to November at department stores, but on a seasonally adjusted basis increased somewhat at women's apparel and shoe stores. Increases over a year ago were much smaller than in the summer. Merchandise on order by department stores at the end of November, however, was sharply larger than a year ago.

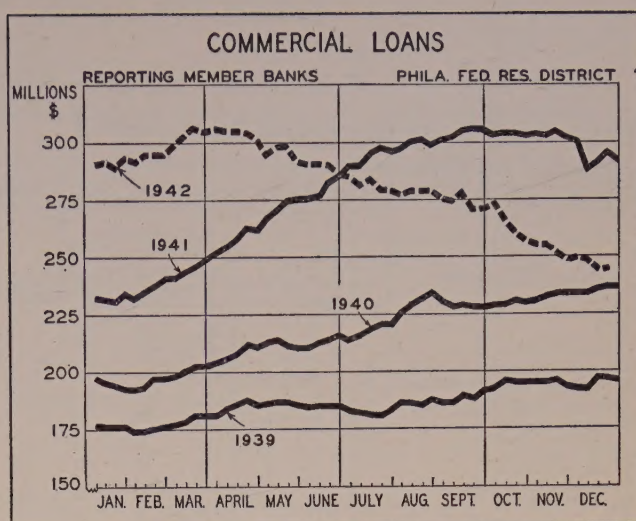
Wholesale trade sales increased in November, reflecting gains in all reporting lines except shoes, jewelry, and paper. Aggregate sales in the eight branches in November and in the first eleven months were 14 per cent greater than a year ago. Inventories generally declined in the month, the only increase being in the case of electrical supplies. A decline of 19 per cent from 1941 was reported.

Inventory limitation. The War Production Board in its order L-219 of December 29, 1942, announced the expected federal inventory control plan. The purpose of this plan is to assure a fair distribution of consumer goods by limiting inventories of larger concerns to the same level, relative to sales, as maintained in the base period, 1939-41.

The order applies to firms with inventories of consumer goods of at least \$50,000, cost value, and annual sales of \$200,000 or more. It will operate on a quarterly basis effective with the second quarter of 1943. Merchants with excessive inventories will be limited in their purchase of new goods.

The control plan aims to provide larger quantities of consumers' goods for distribution through smaller retail outlets. Manufacturers and wholesalers under this plan are urged to distribute scarce commodities to all customers on an equitable basis. Distributors likewise are advised to make special efforts to supply retailers in war plant areas.

Banking conditions. The reserve positions of member banks in this district generally were well maintained during the Victory Fund drive. In the five weeks ended December 23 reserves increased \$10 million to \$653 million. Nearly \$100 million of reserves was absorbed by cash operations with the Treasury, and an additional \$68 million through the active holiday demand for currency. But these losses were offset by funds gained in other ways. Chief among these was nearly \$150 million in inter-district transactions, which included large trans-



fers to this district for payments on new securities and income taxes. Income tax payments were met to a considerable extent by the tender of tax savings notes.

Outstanding Reserve Bank credit increased considerably, but this reflected chiefly participation in System purchases of Governments, largely in the New York market, and an increase in float. Bank borrowing from the Reserve Bank continued virtually non-existent, with discounts totaling less than \$1 million.

Reporting banks in leading cities have built their earning assets to new high levels in late weeks. The total of \$1,737 million on December 23 was \$65 million greater than on November 18. This gain was due to increased holdings of direct Governments, which have doubled in the past year. The sharp rise recently has been due principally to allotment of new Treasury 1 $\frac{3}{4}$ % bonds and increased investments in Treasury bills, which now account for 9 per cent of the outstanding credit of the reporting banks. Loans continued to decline as a result of further net repayments on commercial advances and the running off of open market paper held in the portfolios. Holdings of these classes of paper, now amounting to \$267 million, are down nearly one-fourth from the peak level of the past year.

Despite periodic withdrawals for tax payments, the purchase of Government securities, and currency needs, deposits at the reporting banks continue to expand. The record level of \$2,150 million in the middle of December was more than \$200 million greater than on July 1.

BUSINESS STATISTICS

Production Philadelphia Federal Reserve District

Employment and Income in Pennsylvania Industry, Trade and Service

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
	Nov. 1942	Oct. 1942	Nov. 1941	Per cent change			Nov. 1942	Oct. 1942	Nov. 1941
				Nov. 1942 from		1942 from 11 mos. 1941			
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	141p	136	117	+ 4	+ 21	+ 19	143p	139	118
MANUFACTURING	144p	139	119	+ 4	+ 22	+ 20	146p	142	120
Durable goods	232p	221	157	+ 5	+ 48	+ 46			
Consumers' goods	86p	83	91	+ 3	- 6	- 4			
Metal products	166	157r	147	+ 6	+ 13	+ 12	166	163r	147
Textile products	65p	65	76	0	- 15	- 12	68p	68	78r
Transportation equipment	603	578	281	+ 4	+ 114	+ 114	596	554	274
Food products	100p	95	94	+ 5	+ 6	+ 8	102p	104	95
Tobacco and products	104	116	113	- 10	- 8	- 9	125	141	135
Building materials	54	52	57	+ 2	- 6	- 2	53	56	56
Chemicals and products	146p	136	164	+ 7	- 11	- 5	146p	137	164
Leather and products	114p	97	138	+ 17	- 17	- 10	108p	104	131r
Paper and printing	93	90r	94	+ 3	- 1	0	94	91r	95
Individual lines									
Pig iron	108	110	104	- 2	+ 4	+ 10	109	109	105
Steel	139	130	130r	+ 7	+ 6	+ 9	133	130	125r
Silk manufactures	79	78r	71	+ 2	+ 12	+ 1	80	79	71
Woolens and worsteds	55p	54	74	+ 1	- 25	- 17	59p	59	79
Cotton products	58	59	54r	- 3	+ 7	+ 4	61	61	57r
Carpets and rugs	50p	52	91	- 4	- 45	- 50	53p	55	102
Hosiery	70	74	74	- 4	- 5	- 11	80	81	84
Underwear	155	139	152	+ 11	+ 2	0	156	152	153
Cement	81	77	89	+ 5	- 9	+ 3	79	86	87
Brick	70	69r	67	+ 1	+ 3	+ 3	69	70	67
Lumber and products	29	29	32	0	- 10	- 4	29	30	32
Bread and bakery products				+ 1*	+ 11*	+ 8*	112	110	100
Slaughtering, meat packing	107	98	95	+ 10	+ 13	+ 1	119	102	105
Sugar refining	73	44	126	- 68	- 42	- 23	48	37	82
Canning and preserving	101p	97	95r	+ 4	+ 6	+ 16	113p	131	104r
Cigars	103	115	112	- 10	- 7	- 9	124	141	134
Paper and wood pulp	83	82r	90	+ 2	- 7	- 1	83	83r	90
Printing and publishing	95	92r	95	+ 3	0	0	96	93r	96
Shoes	139	119	153	+ 17	- 9	- 11	131	129	144
Leather, goat and kid	90p	77	123r	- 18	- 26	- 7	87p	80	119r
Paints and varnishes	86	83	93	+ 4	- 8	- 7	89	89	96
Coke, by-product	172p	162	155	+ 6	+ 11	+ 7	165p	159	149
COAL MINING	77p	72	66r	+ 7	+ 17	+ 7	80p	76	68r
Anthracite	76p	70	64r	+ 9	+ 19	+ 6	78p	74	65r
Bituminous	85	88r	81r	- 4	+ 5	+ 13	93	95r	89r
CRUDE OIL	449	458	449	- 2	0	+ 12	436	458	436
ELEC. POWER—OUTPUT	365	365	331	0	+ 10	+ 5	379	376	345
Sales, total	374	371	338	+ 1	+ 11	+ 11	385	371	348
Sales to industries	305	290	268	+ 5	+ 14	+ 15	311	282	273
BUILDING CONTRACTS									
TOTAL AWARDS†	173	126	105	+ 37	+ 64	+ 16	188	130	115
Residential†	48	45	77	+ 5	- 38	- 34	54	52	86
Nonresidential†	277	243	122	+ 14	+ 127	+ 37	277	233	122
Public works and utilities†	326	110	155	+ 196	+ 111	+ 61	375	116	178

*Unadjusted for seasonal variation.
†3-month moving daily average centered at 3rd month.

p—Preliminary.
r—Revised.

Local Business Conditions*

Percentage change—November 1942 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Oct. 1942	Nov. 1941	Oct. 1942	Nov. 1941	Oct. 1942	Nov. 1941	Oct. 1942	Nov. 1941	Oct. 1942	Nov. 1941
Allentown	+ 2	+ 10	+ 3	+ 29	- 56	- 77	+ 10	+ 8	- 14	+ 2
Altoona	- 1	- 5	+ 5	+ 16	- 34	- 74	+ 15	- 10	- 13	- 10
Harrisburg	- 1	0	0	+ 23			+ 18	+ 13	- 14	+ 8
Johnstown	+ 1	- 7	+ 2	+ 6	- 63	- 65	+ 5	- 8	- 8	- 7
Lancaster	- 1	+ 6	- 3	+ 31	- 81	- 97	+ 8	+ 7	- 14	+ 3
Philadelphia	+ 1	+ 15	+ 4	+ 49	- 44	- 24	+ 14	+ 10	- 3	+ 8
Reading	0	- 7	+ 1	+ 11	- 3	- 47	+ 16	+ 11	- 5	+ 10
Scranton	+ 1	- 1	+ 2	+ 16	- 34	- 68	+ 5	+ 3	+ 6	+ 7
Trenton	0	- 5	0	+ 21	+ 258	- 49	+ 19	+ 8	+ 17	+ 2
Wilkes-Barre	0	+ 16	- 14	+ 41	- 29	- 55	+ 11	+ 5	- 1	+ 6
Williamsport	+ 1	+ 6	+ 3	+ 28	- 51	- 86			- 9	+ 41
Wilmington	+ 6	+ 37	+ 6	+ 88	+ 56	- 86	0	+ 4	- 20	+ 9
York	- 1	- 4	- 2	+ 23	- 89	- 67	+ 11	+ 14	- 10	+ 14

*Area not restricted to the corporate limits of cities given here.

Indexes: 1932=100	Employment			Payrolls		
	Nov. 1942 index	Per cent change from		Nov. 1942 index	Per cent change from	
		Oct. 1942	Nov. 1941		Oct. 1942	Nov. 1941
GENERAL INDEX	135	+1	-1	290	+2	+20
Manufacturing	180	0	+4	422	+3	+28
Anthracite mining	62	0	-7	86	+2	+19
Bituminous coal mining	94	-2	-12	295	-4	-3
Building and construction	55	-2	-14	126	+1	+9
Quar. and nonmet. mining	114	-3	-8	344	+1	+11
Crude petroleum prod.	145	+2	+4	197	0	+7
Public utilities	101	-1	-5	133	+1	+6
Retail trade	120	+4	-7	157	+3	-1
Wholesale trade	113	0	-11	145	+1	0
Hotels	97	-2	-5	143	+1	+6
Laundries	112	+1	-2	162	0	+2
Dyeing and cleaning	101	-3	-6	149	-7	0

Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Nov. 1942 index	Per cent change from		Nov. 1942 index	Per cent change from	
		Oct. 1942	Nov. 1941		Oct. 1942	Nov. 1941
TOTAL	116	0	+ 4	172	+ 3	+ 28
Iron, steel and products	127	+ 1	+ 9	242	+ 3	+ 28
Nonferrous metal products	189	- 1	+ 4	361	+ 3	+ 32
Transportation equipment	127	+ 2	+ 31	215	+ 5	+ 75
Textiles and clothing	87	- 1	- 8	113	0	+ 8
Textiles	79	0	- 8	106	+ 1	+ 11
Clothing	118	- 3	- 8	150	- 4	+ 1
Food products	119	- 2	0	154	0	+ 14
Stone, clay and glass	94	0	- 5	126	0	+ 10
Lumber products	52	- 2	- 22	70	- 1	- 5
Chemicals and products	119	+ 1	+ 4	179	+ 2	+ 19
Leather and products	91	0	- 7	121	0	+ 6
Paper and printing	101	+ 1	- 6	136	+ 4	+ 7
Printing	93	+ 2	- 2	120	+ 6	+ 10
Others:						
Cigars and tobacco	68	- 1	- 8	86	- 1	+ 14
Rubber tires, goods	115	+ 4	+ 16	192	+ 5	+ 46
Musical instruments	82	+ 8	+ 11	137	+ 12	+ 44

*Figures from 2908 plants.

Hours and Wages

Factory workers Averages November 1942 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL	43.7	+ 7	\$.956	+ 14	\$41.46	+ 23
Iron, steel and prod.	44.5	+ 6	1.033	+ 11	45.94	+ 14
Nonfer. metal prod.	44.2	+ 9	.909	+ 22	40.18	+ 34
Transportation equip.	47.7	+ 8	1.115	+ 18	53.10	+ 23
Textiles and clothing	39.6	+ 6	.663	+ 11	25.95	+ 17
Textiles	40.2	+ 7	.692	+ 12	27.77	+ 20
Clothing	38.1	+ 5	.591	+ 8	22.31	+ 1
Food products	42.8	+ 4	.715	+ 11	30.81	+ 14
Stone, clay and glass	38.6	+ 5	.861	+ 7	33.22	+ 1
Lumber products	43.0	+ 7	.657	+ 9	28.07	+ 1
Chemicals and prod.	41.2	+ 6	.991	+ 8	40.35	+ 1
Leather and products	39.5	+ 4	.675	+ 11	26.66	+ 1
Paper and printing	41.9	+ 3	.840	+ 11	36.13	+ 1
Printing	39.1	+ 2	.980	+ 8	39.99	+ 1
Others:						
Cigars and tobacco	41.2	+ 9	.552	+ 13	22.75	+ 2
Rubber tires, goods	42.6	+ 11	.872	+ 14	37.12	+ 2
Musical instruments	48.4	+ 7	.895	+ 21	43.35	+ 2

*Figures from 2721 plants.

†Figures from 2908 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change			Adjusted for seasonal variation							Not adjusted		
	Nov. 1942 from		1942 from 11 mos. 1941	Nov. 1942	Oct. 1942	Nov. 1941	Per cent change			Nov. 1942	Oct. 1942	Nov. 1941	
	Month ago	Year ago					Nov. 1942 from		1942 from 11 mos. 1941				
Month ago			Year ago				Nov. 1942 from	1942 from 11 mos. 1941					
Sales													
Total of all lines.....	+ 6	+14	+14										
Boots and shoes.....	-37	+26	+21										
Drugs.....	+ 6	+20	+12										
Dry goods.....	+ 4	- 2	+30										
Electrical supplies.....	+12	+16	-11										
Groceries.....	+12	+40	+16										
Hardware.....	+ 3	- 5	+15										
Jewelry.....	- 5	-27	+ 1										
Paper.....	- 6	-35	+27										
Inventories													
Total of all lines.....	- 6	-19	.....										
Drugs.....	- 2	+10	.....										
Dry goods.....	-10	- 7	.....										
Electrical supplies.....	+ 7	-31	.....										
Groceries.....	- 5	-27	.....										
Hardware.....	- 6	-36	.....										
Jewelry.....	-15	-35	.....										
Paper.....	- 2	- 1	.....										

Source: U. S. Department of Commerce.

Prices	Nov. 1942	Per cent change from			Nov. 1942	Oct. 1942	Nov. 1941	Per cent change			Nov. 1942	Oct. 1942	Nov. 1941
		Month ago	Year ago	Aug. 1939				Nov. 1942 from					
								Month ago	Year ago	Aug. 1939				Nov. 1942 from	1942 from 11 mos. 1941
Basic commodities (Aug. 1939 = 100)...	170	0	+10	+70									
Wholesale (1926 = 100).....	100	0	+ 8	+34									
Farm.....	110	+ 1	+22	+81									
Food.....	103	0	+16	+54									
Other.....	96	0	+ 2	+20									
Living costs (1935-1939 = 100)...													
United States.....	120	+ 1	+ 9	+22									
Philadelphia.....	119	+ 1	+10	+21									
Food.....	128	+ 2	+18	+38									
Clothing.....	126	0	+11	+27									
Rent.....	107	0	+ 1	+ 4									
Fuels.....	104	0	0	+ 7									
Housefurnishings.....	122	0	+ 7	+22									
Other.....	114	+ 1	+ 6	+13									

Indexes: 1935-1939=100

RETAIL TRADE	Nov. 1942	Oct. 1942	Nov. 1941	Per cent change			Nov. 1942	Oct. 1942	Nov. 1941
				Nov. 1942 from		1942 from 11 mos. 1941			
				Month ago	Year ago				
Sales									
Department stores—District.....	142	139	132	+ 2	+ 8	+12	181	160	167
Philadelphia.....	137	138	126r	- 1	+ 9	+14	184	160	168r
Women's apparel.....	131	123	109	+ 6	+19	+12	147	141	124
Men's apparel.....	128	117	142	+ 9	-10	+ 8	141	131	157
Shoe.....	144p	143	130	0	+10	+24	139	161	126
Inventories									
Department stores—District.....	145p	157	127	- 7	+14	.....	177p	185	154
Philadelphia.....	147p	157	119	- 6	+24	.....	180p	187	144
Women's apparel.....	151	148	129	+ 2	+17	.....	178	181	153
Shoe.....	105	103	107	+ 2	- 2	.....	111	111	114
FREIGHT-CAR LOADINGS									
Total.....	136	130	146	+ 5	- 7	+ 1	136	143	146
Merchandise and miscellaneous.....	129	126	147	+ 2	-13	- 3	127	135	146
Merchandise—L.c.l.....	79	75	108	+ 5	-27	-19	82	79	112
Coal.....	127	121	124	+ 5	+ 2	+ 7	138	138	135
Ore.....	295	200	254	+48	+16	+14	230	271	198
Coke.....	195	197	183	- 1	+ 6	+ 9	201	197	189
Forest products.....	127	132	133	- 4	- 4	+ 1	121	134	126
Grain and products.....	104	132	114	-21	- 9	+ 1	118	136	131
Livestock.....	112	118	104	- 5	+ 8	+12	129	142	119
MISCELLANEOUS									
Life insurance sales.....	86	85	124	+ 1	-30	-13	92	78	132
Hotels—(1934=100).....									
Occupancy.....				- 4*	+11*	+ 9*	127p	132	115
Income, total.....				- 6*	+ 3*	+12*	146p	155	140
Business liquidations									
Number.....				-18*	-53*	-35*	42	51	88
Amount of liabilities.....				-13*	-78*	-57*	16	19	73
Check payments.....	152	140	151	+ 8	0	+ 5	162	145	162

Source: U. S. Department of Commerce.

Prices	Nov. 1942	Per cent change from			Nov. 1942	Oct. 1942	Nov. 1941	Per cent change			Nov. 1942	Oct. 1942	Nov. 1941
		Month ago	Year ago	Aug. 1939				Month ago	Year ago	Aug. 1939			
Basic commodities (Aug. 1939 = 100)...	170	0	+10	+70									
Wholesale (1926 = 100).....	100	0	+ 8	+34									
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Other.....	114	+ 1	+ 6	+13									

Source: U. S. Bureau of Labor Statistics.

*Computed from unadjusted data.

p—Preliminary.

r—Revised.

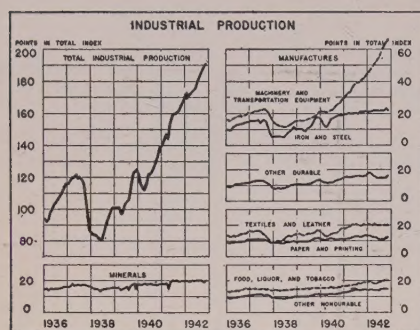
BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

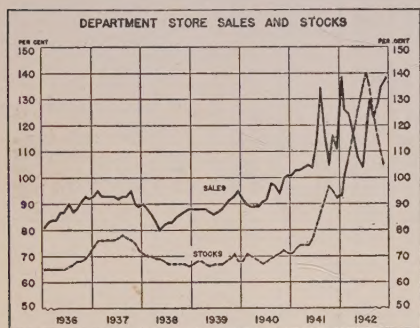
MEMBER BANK RESERVES AND RELATED FACTORS												
Reporting member banks (000,000's omitted)	Dec. 23, 1942	Changes in—		Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Changes in five weeks		
		Five weeks	One year		Nov. 25	Dec. 2	Dec. 9	Dec. 16	Dec. 23			
Assets				Sources of funds:								
Commercial loans	\$ 245	-\$ 6	-\$ 50	Reserve Bank credit extended in district	+ 1.4	+10.5	-12.4	+20.8	- 1.5	+ 18.8		
Open market paper	22	- 4	- 19	Commercial transfers (chiefly interdistrict)	+ 1.2	+68.3	+22.6	+13.4	+41.8	+147.3		
Loans to brokers, etc.	29	+ 4	.....	Treasury operations	+ 4.9	-49.8	+16.7	-37.3	-32.4	- 97.9		
Other loans to carry secur.	30	.....	- 2	Total	+ 7.5	+29.0	+26.9	- 3.1	+ 7.9	+ 68.2		
Loans on real estate	47	.....	- 4	Uses of funds:								
Loans to banks	82	- 1	- 31	Currency demand	+18.1	+ 9.2	+11.2	+ 9.3	+20.1	+ 67.9		
Other loans	82	- 1	- 31	Member bank reserve deposits	+ 1.1	+24.4	+ 7.8	- 6.9	-16.2	+ 10.2		
Total loans	\$ 455	-\$ 7	-\$106	"Other deposits" at Reserve Bank	-11.3	- 4.1	+ 8.5	- 5.1	+ 4.0	- 8.0		
Government securities	\$ 975	+\$73	+\$496	Other Federal Reserve accounts	- 0.4	- 0.5	- 0.6	- 0.4	- 0.0	- 1.9		
Obligations fully guar'teed	65	+ 2	- 41	Total	+ 7.5	+29.0	+26.9	- 3.1	+ 7.9	+ 68.2		
Other securities	242	- 3	- 27									
Total investments	\$1282	+\$72	+\$428									
Total loans & investments				Federal Reserve Bank of Phila.	Dec.	Changes in—		Member bank reserves	Held	Re-	Ex-	Ratio
Reserve with F. R. Bank	427	- 3	- 50	Bank of Phila.	23,	Five	One	(Daily averages:		quired	cess	of
Cash in vault	30	+ 2	+ 4	(Dollar figures in	1942	weeks	year	dollar figures in				excess
Balances with other banks	197	- 1	*	millions)				(millions)				to re-
Other assets—net	61	- 5	- 13	Bills discounted	\$ 1.0	+\$ 0.1	-\$ 0.1					quired
Liabilities				Bills bought	0	0	0					
Demand deposits, adjusted	\$1441	-\$41	+\$178	Industrial advances	5.0	- 0.0	+ 1.5					
Time deposits	156	- 4	- 67	U. S. securities	420.7	+ 59.0	+ 243.7					
U. S. Government deposits	165	+123	+ 133	Total	\$426.7	+\$59.1	+\$245.1					
Interbank deposits	368	- 21	*	Note circulation	852.4	+ 50.4	+ 274.1					
Borrowings	13	+ 1	- 5	Member bk. deposits	652.9	+ 10.2	+ 27.3					
Other liabilities	219	.....	+ 1	U. S. general account	.9	- 11.8	- 85.5					
Capital account	219	.....	+ 1	Foreign deposits	69.2	+ 1.5	+ 7.9					
				Other deposits	13.3	- 8.0	- 1.9					
				Total reserves	1155.4	- 37.4	- 113.0					
				Reserve ratio	72.7%	- 4.4%	- 15.6%					

*Reciprocal bank balances now reported net.

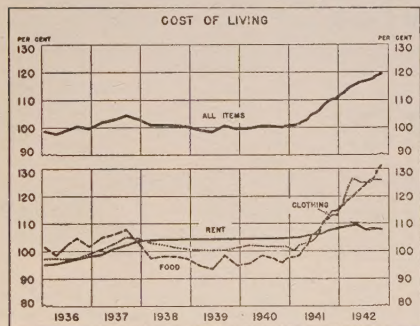
National Summary of Business Conditions



Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for November 1942.



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. Latest figures shown are for November 1942.



Bureau of Labor Statistics' indexes, 1935-39 average=100. Fifteenth of month figures. Last month in each calendar quarter through September 1940, monthly thereafter. Latest figures shown are for November 1942.

At reporting member banks in 101 leading cities holdings of United States Government securities increased by 800 million dollars in the four weeks ending December 9. Treasury bills accounted for practically the entire increase, with almost two-thirds of the amount going to New York City banks. In the week ending December 16, bond holdings rose sharply as banks received their allotments of the new 1½ per cent bonds subscribed on November 30-December 2; allotments of this issue to all banks totaled 2 billion dollars, representing 85 per cent of subscriptions.

Total loans showed little change over the four weeks ending December 9. Commercial loans declined by 200 million dollars, with about half the decline at New York City banks, while loans to brokers and dealers increased over the period, reflecting largely advances made to security dealers in New York in connection with the Victory Fund drive.

Payments by bank depositors for new Government security issues resulted in a decline of adjusted demand deposits and a rise of U. S. Government deposits to 5.8 billion dollars in mid-December, the largest total on record. **United States Government security prices.** Prices of United States Government securities have been steady in the past three weeks following an adjustment in the latter part of November when the Treasury announced the drive to sell 9 billion dollars of securities in December. Long-term taxable bonds are selling on a 2.36 per cent yield basis on the average and long partially tax-exempt bonds on a 2.09 per cent basis.

Aggregate industrial production in November was maintained close to the October level, reflecting a continued growth of output in war industries and a seasonal decline in production of civilian goods. Distribution of commodities to consumers rose further in November and the first half of December, reducing somewhat the large volume of stocks on hand. Retail food prices continued to advance.

Production. Maintenance of industrial production in November when the seasonal tendency is downward was reflected in a rise of the Board's seasonally adjusted index from 189 to 191 per cent of the 1935-39 average. This rise was largely accounted for by a further advance in output of durable manufactures. Nondurable manufactures declined seasonally, while output of minerals showed less than the usual seasonal decrease. In all groups of products the proportion of output for war purposes was considerably larger than a year ago.

The increase reported for durable manufactures from October to November was in finished munitions and industrial equipment for new plants which will be completed in large number over the next few months. Steel production, at 98 per cent of capacity in November and the first three weeks of December, was down slightly from the October peak, but the reduction appeared temporary as the scrap supply situation had been relieved and as further progress was being made on construction of additional iron and steel capacity. Supplies of iron ore on hand are regarded as sufficient for operations at capacity until movement of ore down the lakes is resumed in the spring. Shipments from Upper Lake ports this year totaled 92 million tons, and were 15 per cent above the record established in 1941.

At cotton textile mills activity was maintained at a high level in November and at shoe factories production declined less than is usual at this season. Output of manufactured foodstuffs showed a seasonal decline.

Construction contract awards in November were 10 per cent below the level of the three preceding months, according to data of the F. W. Dodge Corporation, but were still about forty per cent higher than in November of last year. As in other recent months, publicly-financed work accounted for over ninety per cent of all awards.

Distribution. Distribution of commodities to consumers increased further in November and December with active Christmas buying. At department stores, variety stores, and mail-order houses serving rural areas, sales in November expanded more than seasonally. In the first half of December department store sales continued to rise sharply and were considerably larger than a year ago.

Freight-car loadings in November declined about 7 per cent from their peak levels in September and October but on a seasonally adjusted basis rose slightly over the October level. Coal loadings rose somewhat although a decline is usual in November. Shipments of other commodities declined seasonally.

Commodity prices. Grain prices advanced from the middle of November to the middle of December, while most other wholesale commodity prices showed little change.

Retail food prices increased further by 1 per cent in the five weeks ending November 17 to a level 16 per cent higher than in November 1941. Prices of such fresh foods as are uncontrolled—fruits, vegetables, and fish—showed the largest advances from October to November, but price increases in controlled items contributed about two-fifths of the total rise.

Bank credit. During the period of large-scale Treasury financing in December, total excess reserves of member banks were generally above 2.5 billion dollars. Substantial purchases of Government securities for the Federal Reserve System offset the effect of drains on reserves by the continued heavy currency outflow and further increases in required reserves resulting from a rapid growth in bank deposits.

Reserve Bank holdings of Government securities showed an increase of 850 million dollars in the four weeks and reached a total of 5.5 billion on December 16.